

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

**SPECIAL MASTER'S MONTHLY REPORT
FOR THE PERIOD ENDED MAY 31, 2024**

Dated: August 9, 2024

BY HAND DELIVERY & CM/ECF

The Honorable Leonard P. Stark
United States District Court for the District of Delaware
J. Caleb Boggs Federal Building
844 North King Street
Wilmington, DE 19801-3570

Re: *Crystalllex International Corp. v. Bolivarian Republic of Venezuela*, D. Del. C.A. No. 1:17-mc-00151-LPS; Special Master's Status Report for the Period Ended May 31, 2024 (this "**Report**")

Dear Judge Stark:

By order dated April 13, 2021 [D.I. 258], Your Honor appointed me as Special Master in this case to design, oversee, and implement the sale of Petroleos de Venezuela, S.A.'s ("**PDVSA**") shares of PDV Holding Inc. On May 27, 2021, Your Honor issued the *Order Regarding Special Master* [D.I. 277] (the "**May 27 Order**")¹ setting forth, among other things, various obligations and duties applicable to the Special Master, the Parties, and ConocoPhillips (together with the Parties, the "**Sale Process Parties**"), including my obligation to provide the Court with a periodic status report concerning my progress and efforts. The last report that I submitted to the Court was for the period ending April, 2024 [D.I. 1220] (the "**April 2024 Report**"). I hereby write to provide this Report for the period since the April 2024 Report through May 31, 2024.

Summary of Events Taking Place since April 30

During April 2024, I have undertaken the following actions, with the assistance of my advisors (collectively, the "**Advisors**"), in accordance with my duties and obligations set forth in the May 27 Order:

- Engaged in various work streams related to the Marketing Process in furtherance of my obligations under the Sale Procedures Order, including:
 - Correspondence with the Sale Process Parties regarding sharing of confidential information;
 - Reviewing and commenting on disclosure schedules prepared by CITGO and reviewing documents in the Data Room (as defined in the Bidding Procedures) for the preparation of the same;

¹ All capitalized terms used but not otherwise defined herein, have the meanings ascribed to such terms in the May 27 Order and the Sixth Revised Proposed Order (A) Establishing Sale and Bidding Procedures, (B) Approving Special Master's Report and Recommendation Regarding Proposed Sale Procedures Order, (C) Affirming Retention of Evercore as Investment Banker by Special Master and (D) Regarding Related Matters [D.I. 481] (the "**Sale Procedures Order**").

ROBERT B. PINCUS in his capacity as
Special Master for the United States District Court for the District of Delaware
PO Box 4570
Wilmington, DE 19807

Dated: August 9, 2024

- Negotiating Non-Disclosure Agreements (the “*NDAs*”) with Potential Bidders and the PDVSA 2020 Bondholders in consultation with my Advisors;
- Regularly meeting with CITGO’s management team regarding outstanding diligence, reviewing and responding to diligence requests from Potential Bidders, and analyzing documents in connection therewith;
- Meeting and conferring with CITGO’s management team and the advisors to address legal diligence requests;
- Evaluating potential transaction structures with my Advisors;
- Drafting and revising a Second Round Bid Request Letter for circulation to those Potential Bidders under NDA, in consultation with my Advisors and CITGO’s management team and their advisors;
- Preparing documentation related to a potential Sale Transaction, including the Stock Purchase Agreement and related documentation, and conducting analysis and research related thereto;
- Conducting analysis and research of potential antitrust matters related to potential transaction structures;
- Reviewing and analyzing due diligence materials and information provided by CITGO’s management team in the Data Room (as defined in the Bidding Procedures);
- Preparing communication “rules of the road” and NDA protocols with the Sale Process Parties and the Potential Bidders and discussing the same with my Advisors;
- Preparing and consulting with my Advisors regarding the publication of a Sale Notice and conducting research in connection therewith;
- Conducting due diligence calls with the CITGO’s management team and advisors related to employee benefit issues; and
- Preparing and negotiating Clean Team Agreements and associated exhibits to facilitate Potential Bidder access to due diligence materials.

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- Reviewed and analyzed motions and related filings in *Petróleos de Venezuela S.A., et al. v. MUFG Union Bank, N.A. et al.* (No. 20-3858) (“**2020 Bondholder Case**”) regarding the validity of the PDVSA 2020 Bondholders’ pledge.
- Analyzed the Venezuela Parties’ *Objection to the Special Master’s Modification of Bidding Procedures*, dated May 8, 2024 [D.I. 1144] (the “**Bidding Procedures Objection**”) and related declaration [D.I. 1145] with my Advisors, prepared and filed the *Special Master’s Response to the Venezuela Parties’ Objection to the Special Master’s Modification of Bidding Procedures* [D.I. 1155], and analyzed ConocoPhillips, Crystalex, and certain Additional Judgment Creditors’ oppositions [D.I. 1148, 1149 & 1150] to the Bidding Procedures Objection.
- Analyzed the Venezuela Parties’ *Renewed Motion to Disqualify the Special Master*, dated April 26, 2024 [D.I. 1138] (the “**Renewed Disqualification Motion**”) and related declaration [D.I. 1139] with my Advisors, and drafted and filed the *Special Master’s Opposition to the Venezuela Parties’ Renewed Motion to Disqualify the Special Master* [D.I. 1150].
- Prepared for and presented arguments before the Court at the May 17, 2024 Hearing on contested matters before the Court, including the Renewed Disqualification Motion and the Bidding Procedures Objection.
- Analyzed PDVSA 2020 Bondholders litigation and engaged in discussions with PDVSA 2020 Bondholders related thereto.
- Considered Office of Foreign Assets Control’s (“**OFAC**”) licensing in connection with a Sale Transaction (as defined in the Sale Procedures Order) and conducted research and analyses related to the same.
- Conducted research in support and preparation of the Sale Motion and Order.
- Prepared and filed the *Special Master’s Monthly Report for the Period Ended January 31, 2023* [D.I. 1141].

Statement of Fees and Expenses

The May 27 Order requires that I submit an Itemized Statement of my fees and expenses to the Court. During the period from May 1, 2024 to May 31, 2024, my Advisors and I have incurred an aggregate of \$2,111,998.80 of fees and expenses in connection with carrying out my duties as Special Master, as shown in the table below. Pursuant to the Sale Procedures Order *Memorandum Order* dated January 8, 2024 [D.I. 838] (the “**January 8 Order**”); *Oral Order* dated January 24, 2024 [D.I. 886] (the “**January 24 Order**”), each Sale Process Party and Additional Judgment Creditor is required to make prompt payment of its allocation of Transaction Expenses

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as a condition to retaining its status as an Additional Judgment Creditor. Following the approval by the Court of the Transaction Expenses described in this Report, the Special Master will send an invoice to each Sale Process Party and Additional Judgment Creditor setting forth the amount such party is required to pay, as well as wire instructions for payment. All Transaction Expenses will be paid per capita by each Sale Process Party and Additional Judgment Creditor.

Special Master	\$40,375.00
Weil, Gotshal & Manges LLP	\$1,822,024.68
Evercore	\$235,800.62
Potter Anderson & Corroon LLP	\$13,798.50
Total	\$2,111,998.80

This amount includes the monthly fees and expenses of counsel in connection with the matters described above and the monthly fees of my financial advisor, Evercore, for May, in connection with their assistance with the preparation for the Marketing Process, including the performance of due diligence and related analysis. The Itemized Statement, attached as Annex Y hereto, contains a breakdown of such fees and expenses among my Advisors and myself. I respectfully request that Your Honor determine that such fees and expenses are regular and reasonable. A proposed form of order is enclosed for Your Honor's consideration.

I am available at the convenience of the Court, should Your Honor have any questions.

Respectfully Yours,

/s/ Robert B. Pincus

Robert B. Pincus, in my capacity as
Special Master for the United States
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Enclosures

cc: All Counsel of Record (via CM/ECF and E-Mail)